



SEATTLE CITY COUNCIL | DISTRICT 3

COUNCILMEMBER KSHAMA SAWANT

Tax Amazon Legislation Frequently Asked Questions
Wednesday March 4, 2020

Raising the funds

How much revenue will the Amazon Tax raise to fund social housing and the Green New Deal?

About \$300 million/year, beginning in 2021.

Which companies would have to pay the Amazon Tax?

The Amazon Tax will be paid only by the richest corporations in the city that are making huge profits and do not currently pay anything close to their fair share. The top 3 percent of companies, as measured by payroll size, will pay the tax. These are corporations with more than \$7 million in annual payroll – the 800 largest companies in Seattle, out of nearly 23,000 companies.

Is this a “head tax” or a tax on jobs?

No, this is a tax on big business based on the size of the company’s payroll.

How will this legislation make sure that workers don’t end up paying the tax?

The legislation states clearly that “The employer may not make any deductions from employees’ compensation to pay for this tax.”

How much is the tax?

The tax rate is 0.7 percent of the corporate payroll.

For example, a company with an annual payroll of \$10 million would pay \$70,000 a year in taxes.

Which companies are exempt from paying any tax?

About 97 percent of all companies and other employers in Seattle would pay no tax, including:

- All businesses with annual payrolls of under \$7 million
- All small and medium-sized businesses
- All non-profit organizations
- All grocery stores
- All government and educational employers

Won't corporations just avoid paying the tax by contracting out work?

No. Businesses that use temporary or contracted employees have to count those workers' payroll in calculating their tax obligation, whether or not those workers are employed by the business.

What the revenues will fund: Social housing and the Green New Deal

What will the revenues pay for?

- 75 percent of the funding is dedicated to social housing and related services
- 25 percent of the funding is dedicated toward Green New Deal upgrades to existing homes

What is "social housing"?

Social housing is housing that is outside of the private, profit-driven market that has failed us.

The legislation will fund new social housing – permanently affordable housing that is either owned by the city, or controlled by the city through binding agreements with not-for-profit housing providers, and available to working-class individuals and families. Social housing can mean city-owned rental apartments and homes; city-owned homes maintained and operated using union labor, either by the City of Seattle or a non-profit organization; or through co-op housing or community land trust housing.

Social housing will include both new construction and buying and renovating existing buildings.

How affordable will the housing be?

Rents will be permanently affordable, set by regulation to be no more than 30 percent of household income, with increases limited to no more than the inflation rate.

Who will benefit from this social housing?

The housing will serve a wide range of people:

- People experiencing homelessness
- People currently housed but threatened with economic displacement due to soaring housing costs – from zero income all the way up to 120% of area median income

Projects will be prioritized on those with the greatest need. At least 70% of housing funds to be allocated to projects that serve those at greatest risk of displacement and homelessness. The city regards that as households that have between zero and 80% of area median income, which is about \$80,000/year.

Will there be services as well?

Yes.

The legislation calls for permanent supportive services for those who need it, like people experiencing chronic homelessness.

Additionally, in new buildings we will include childcare, gathering halls and other public amenities that benefit the entire community.

How will these homes advance the Green New Deal and support good jobs?

Homes will be built to Green New Deal standards, using the latest in technologies and innovative materials.

Also, the homes will be built to union standards, with community workforce agreements including provisions that give hiring priority to people from neighborhoods that have been economically disadvantaged, new apprenticeship opportunities for young workers, and union-standard (prevailing) wages.

How will the community have a strong and ongoing voice in how the social housing program develops?

The legislation ensures strong, democratic community involvement and voice. The work will be overseen by a new Social Housing Board, with 3 members selected from each of the 7 city council districts. At first the positions will be appointed but the legislation foresees these positions becoming elected after a few years.